

# Information for Guaranty Agencies on Draft Data Challenges

This section is divided into two parts. The first part (pages 133 through 142) outlines the process and procedures for responding to draft data challenges from a school. The second part (pages 143 through 148) provides an example of a situation that would result in a response to a draft data challenge submitted by a school and sample material as it would pertain to a draft data challenge response.

To understand how a guaranty agency should respond to a draft data challenge, the U.S. Department of Education (Department) recommends that the reader review both parts of this section. In addition, to understand the basis for a draft data challenge and a school's responsibilities in the draft data challenge process, the Department recommends the reader review the "Draft Data Challenge" section beginning on page 73.

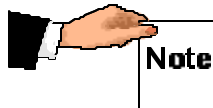
## PART I: Background, Process, and Procedures

**What are the time frames and procedures for responding to a draft data challenge?**

**Step 1:** Within **30 calendar days** of receiving the school's draft data challenge, a guaranty agency should **review this Guide to determine if the school's challenge is timely**.



**Time frames  
may overlap.  
Read ALL  
steps.**



The time frames associated with a school's draft data challenge are outlined in the "Draft Data Challenge" section beginning on page 86.

**Step 2:** Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft data challenge), a guaranty agency should **notify the school and the Department if the school's draft data challenge is untimely**.

If the school did not send its draft data challenge within **45 calendar days** of the school's receipt of its most recent hardcopy draft cohort default rate data, the guaranty agency should NOT review any part of the school's draft data challenge. In its response to the school, the guaranty agency should explain that it is unable to review the challenge because the school missed the regulatory deadline. The guaranty agency should refer the school to the "Draft Data Challenge" section beginning on page 73, and simultaneously send a copy of the letter to the Department.<sup>1</sup>



The Department mails draft cohort default rates at an announced time and tracks schools' receipt of the rates. Before denying a school's draft data challenge on the basis of a late submission, a guaranty agency should contact the Department to verify the actual date the school received its draft cohort default rate data.

If the school's submission due date falls on a weekend or a federal holiday, a school may send its draft data challenge to the guaranty agency no later than the next federal business day.

**Step 3:** If the draft data challenge is timely, **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving the school's timely submitted draft data challenge), a guaranty agency should **review each allegation** submitted by the school.

**Q.** How should a guaranty agency respond if a school challenges the accuracy of a FFEL Program loan that is considered in default due to the default on a consolidation loan?

**A.** The guaranty agency should confirm the date entered repayment of the FFEL Program loan and explain that the FFEL Program loan that was paid-in-full through consolidation is considered in default because the consolidated loan defaulted within the same cohort period in which the FFEL Program loan entered repayment.

If a different guaranty agency guaranteed the consolidation loan, the school should be referred to that agency for any questions pertaining to the default of the consolidation loan.

<sup>1</sup> 64 Fed. Reg. 58974 (November 1, 1999) (Preamble to Final Rule)

- **Determine if the allegations** presented by the school are based on loans that **are currently held by the agency**.

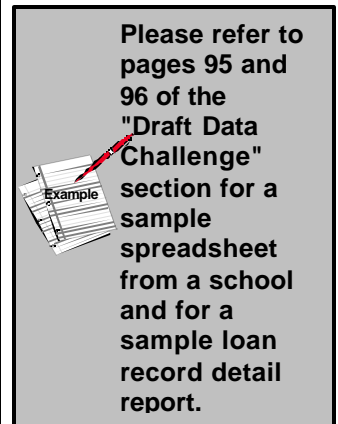
If the loans are not held by the agency, notify the school that the allegation(s) should be submitted to the entity that currently maintains the guarantee on the loan. Remind the school that all allegations must be submitted to the appropriate entity within 45 calendar days of the school's receipt of its hardcopy draft cohort default rate data.

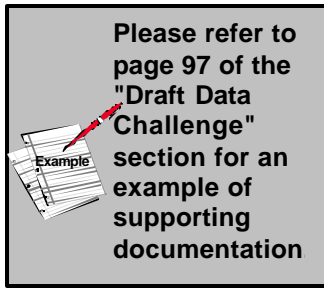
- **Determine if all relevant material is present** including, but not limited to:

- ❖ a **spreadsheet** identifying the loans that the school is requesting the guaranty agency review;
- ❖ a copy of **applicable pages from the relevant loan record detail report(s)**.

Each allegation must be accompanied by **at least one page** of a loan record detail report;

- A school should include the page of the loan record detail report where the borrower appears, or where the borrower should appear. A school should provide both pages of the loan record detail report if the borrower appears or should appear at the end of one page or at the beginning of the next page.
- If the borrower is moved from one year to another, a school should include the page of the loan record detail report where the borrower currently appears, and the page of the loan record detail report where the borrower should appear.





AND

❖ relevant **supporting documentation** including, but not limited to:

- a signed and dated copy of a **letter to the relevant lender or guaranty agency** that informs the entity of the borrower's last date of attendance or less-than-half-time date (whichever is earlier) and provides evidence that the information was mailed to the relevant lender or guaranty agency in a timely manner (i.e., a certified mail receipt);

AND/OR

- a signed and dated copy of a **Student Status Confirmation Report (SSCR)** or an **NSLDS SSCR screen print** that timely informs the lender and/or guaranty agency of the borrower's last date of attendance or less-than-half-time date (whichever is earlier);

AND/OR

- a copy of a **cancelled check**, front and back, or other documentation showing that the borrower's loan was cancelled in-full within 120 days of disbursement by the lender.



If a school fails to provide the guaranty agency with all the necessary information, the guaranty agency may ask the school to submit the missing information. However, the school must submit this additional information to the guaranty agency **within the 45 calendar day deadline** for submitting draft data challenges.

••

**Research each allegation** to determine if documentation maintained by the guaranty agency supports or refutes the school's allegation.

Please refer to pages 79 through 85 of the "Draft Data Challenge" section for a list of the different types of possible allegations.

••

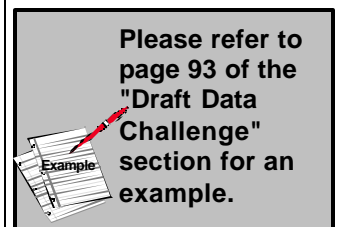
**Make a determination** on each allegation listed on the school's spreadsheet.



If a borrower has multiple loans guaranteed and currently held by the guaranty agency, the guaranty agency must address all of the borrower's loans associated with the school in question.

❖

**Agree** with the school if the documentation maintained by the guaranty agency supports the school's claim or if the school has demonstrated that the correct information was timely submitted to the lender and/or guaranty agency.



Please refer to page 93 of the "Draft Data Challenge" section for an example.



If the guaranty agency response indicates that a loan has been repurchased, the guaranty agency must provide the original claim paid date, the reason the loan was repurchased, and whether any subsequent claims were filed.

OR

- ❖ **Disagree** with the school if the documentation maintained by the guaranty agency refutes the school's claim and the school failed to demonstrate that the correct information was timely submitted to the lender and/or guaranty agency. If the guaranty agency disagrees with the school, **the guaranty agency must explain why it disagrees with the school.**

There are a number of reasons why a guaranty agency might disagree with the school's allegations of error. For example, the school might have:

- made only **general allegations** about the loan record detail report and/or the draft cohort default rate data;
- failed to provide evidence that the guaranty agency and/or lender was **timely notified of a change in status for the borrower**;

AND/OR

- failed to provide **acceptable supporting documentation** for an allegation.

Please refer to page 136 for examples of acceptable supporting documentation.

**Step 4:** Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft data challenge), a guaranty agency should **compile a list** of the guaranty agency's responses to the school's alleged errors.

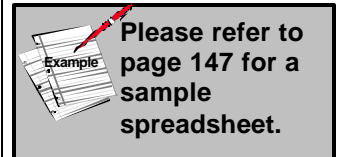
- Record the responses to each of the school's alleged errors on a spreadsheet that follows the format of the sample **Draft Data Challenge Response** spreadsheet.
- **Provide comments** on why the guaranty agency agrees or disagrees with each of the school's allegations **and supporting documentation** if the agency disagrees with the school's allegations.

**Step 5:** Within the time frame described in Step 1 (i.e., within 30 calendar days of receiving the school's draft data challenge), a guaranty agency **should send the school a response to its draft data challenge and also send a copy of the response to the Department.**

The Department recommends that:

- each guaranty agency submit the completed response to the school's draft data challenge using the format of the sample **Draft Data Challenge Response** letter shown on page 148;
  - each guaranty agency include the spreadsheet created in Step 4 in its response;
- AND
- each guaranty agency compile its response and mail its response via return receipt requested or via overnight courier delivery to the school with a copy to the Department sent to the address provided on page 142.

The recommended materials for the guaranty agency response are shown on page 141.



**Step 6:**      **Respond to any subsequent inquiries** from a school within **5 working days** of the receipt of the school's timely inquiry and send a copy of the response letter to the Department.

Subsequent inquiries are not an opportunity for a school to provide additional supporting documentation or to submit additional allegations. The inquiries are allowed solely for a school to gain clarification based on information that was timely submitted as a part of the draft challenge process.


If a guaranty agency does not agree with the school's subsequent inquiry, the agency should indicate that its previous response was its final response.



Schools must submit subsequent inquiries within **5 working days** of receiving the agency's response to its initial inquiry.

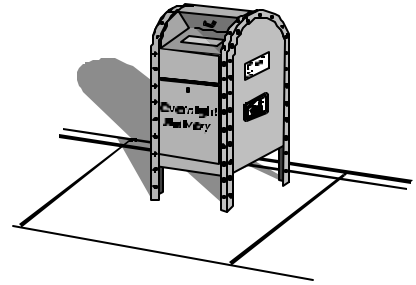


A guaranty agency should send the following to the school:

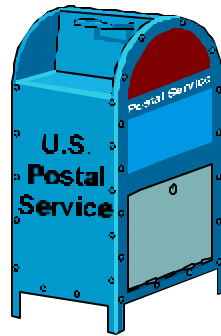
<p><b>The section behind Component 1 contains:</b></p> <p>A <b>letter</b> on the guaranty agency's letterhead with—</p> <ul style="list-style-type: none"> <li>•• the school's <b>OPE ID number</b>;</li> <li>•• the school's <b>name</b>;</li> <li>•• a statement indicating that the guaranty agency is responding to the school's <b>draft data challenge</b>;</li> <li>•• the <b>fiscal year</b> to which the response applies;</li> <li>•• the <b>signature</b> of the responsible official at the guaranty agency, followed by a signature block providing the <b>signer's name and job title</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>•• an indication that a <b>copy was sent to the Department</b>.</li> </ul> <p>Guaranty agencies should use the sample <b>Draft Data Challenge Response</b> letter on page 148.</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;"><b>Component 1</b></div>
<p><b>The section behind Component 2 contains:</b></p> <p>A list, in <b>spreadsheet</b> format, of the guaranty agency's responses to the school's alleged errors.</p> <p>Guaranty agencies should use the sample <b>Draft Data Challenge Response</b> spreadsheet on page 147. A guaranty agency must provide <b>data on each of the elements</b> listed on the sample spreadsheet.</p> <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>If a borrower has <b>multiple loans</b>, the guaranty agency must address <u>all</u> of the borrower's loans associated with the school in question.</p> </div> </div>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;"><b>Component 2</b></div>

**If sent by commercial overnight mail/courier delivery**, send the Department's copy of the draft data challenge response to:

U.S. Department of Education  
Default Management Office  
ATTN: Guaranty Agency Response  
Portals Building, Room 6300  
1250 Maryland Avenue, SW  
Washington, DC 20024



**If sent by U.S. Postal Service**, send the Department's copy of the draft data challenge response to:



U.S. Department of Education  
Default Management Office  
ATTN: Guaranty Agency Response  
Portals Building, Room 6300  
400 Maryland Avenue, SW  
Washington, DC 20202-5353

## PART II: Examples and Sample Material

Part II of this section outlines a situation that would require a guaranty agency to respond to a school's draft data challenge. This part also provides sample material that should be referenced by a guaranty agency when responding to a school's draft data challenge.

### **CONTENT REFERENCE FOR PART II**

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**EXAMPLE** of a situation that would result in a response to a Draft Data Challenge

State Guaranty Agency received Electrical Training Institute's draft data challenge on February 4, 2001.

**Within 30 calendar days** of receiving the draft data challenge, the guaranty agency:

- determined whether the school's draft data challenge was submitted **timely** (please refer to Step 2 on page 134 for information on the time frames for submitting a draft data challenge);

According to the Department's spreadsheet sent to the State Guaranty Agency, the school received its draft cohort default rate on January 31, 2001. According to the postmark on the service delivery package, the school submitted the challenge to the agency on February 2, 2001. Because the challenge was submitted within 45 working days of the school's receipt of its draft cohort default rate, the challenge was timely submitted.

- determined that **all** of the **relevant material** was present (please refer to Step 3 on page 134 for information on the material a school must submit with its draft data challenge);

Electrical Training Institute provided a spreadsheet that listed David Smith's loans and provided what the school believes is the correct data for the borrower's loans. The school also provided copies of the relevant pages of both the draft and official loan record detail reports for the borrower. Finally, the guaranty agency noted that Electrical Training Institute provided supporting documentation to substantiate the school's position regarding David's loans.

- made a **determination** for each allegation;

Electrical Training Institute believes that David should be removed from the FY 1999 cohort default rate and added to the FY 1998 official cohort default rate calculation based on a May 13, 1998 date entered repayment. The agency **agreed** with Electrical Training Institute because the school demonstrated that it timely submitted the information on David's change in enrollment to the State Guaranty Agency.

- **prepared a SPREADSHEET** that identified David's loans and provided what the agency believes is the correct information that should be associated with each loan (please refer to the Sample Draft Data Challenge Response SPREADSHEET on page 147);

- made a copy of the agency's **SUPPORTING DOCUMENTATION** for any additional items that the agency disagreed with;

AND

- **prepared a LETTER** for its Draft Data Challenge Response to the school (please refer to the Sample Draft Data Challenge LETTER on page 148).

On February 14, 2001, State Guaranty Agency mailed its response to the allegations via overnight courier to Electrical Training Institute and sent a copy of the entire package to the Department's Default Management office at the address found on page 142.

Draft Data Challenge Response **SPREADSHEET INSTRUCTIONS**

Record all loans for which the school submitted a new data allegation using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet is sent to the school that submitted the allegations and to the Department.



Fill out a separate spreadsheet for each school submitting a draft data challenge.

The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.

**Header:** Enter **FY 1999 Draft Data Challenge Response** in the center of the header area. In the left-hand area, enter the guaranty agency's name, school's name, school's OPE ID number, and number of borrowers and loans on the list.

**Footer:** Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.

**Sort:** The borrowers listed on the spreadsheet should be sorted by the borrower's Social Security number.

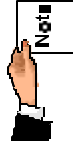


The guaranty agency should only respond to the borrowers listed on the school's spreadsheet.

On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.

On Row 2 and below, include the following data for each loan for which the school submitted new data allegations.

**Column 1:** Enter the borrower's Social Security number (SSN) using hyphens to separate the numbers (example: 000-88-0000).



If a borrower has multiple loans for which the agency maintains the guaranty, the guaranty agency must address all of the borrower's loans associated with the school in question.

**Column 2:** Enter the borrower's name.

**Column 3:** Enter the number and type of loan(s). Use the following codes to identify the type of loan.

Loan Type Codes	
Code	Description
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
SF	FFEL Subsidized Stafford Loan
SL	Supplemental Loans for Student Loan
SU	FFEL Unsubsidized Stafford Loan

**Column 4:** Enter MM/DD/CCYY (month, day, and year) of the earlier of the borrower's LDA (last date of attendance) or the LTH (less than half-time date).

**Column 5:** Enter MM/DD/CCYY or MM/CCYY to identify the DER (date the loan entered repayment).

**Column 6:** Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (income contingent repayment date). Enter N/A if the borrower did not default.

**Column 7:** Enter the fiscal year(s) to which the guaranty agency believes this information should be applied.

**Column 8:** Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the guaranty agency believes the information will affect the CDR (cohort default rate) calculation.

**Column 9:** Enter **Agree** or **Disagree**. A comment must be made in this section to identify why the agency agreed or disagreed. Documentation must be provided to support the determination if the guaranty agency disagreed.

Sample Draft Data Challenge Response **SPREADSHEET**

State Guaranty Agency  
Electrical Training Institute  
OPE ID#: 111111  
Number of borrowers: 1  
Number of loans : 2

**FY 1999 Draft Data Challenge Response**

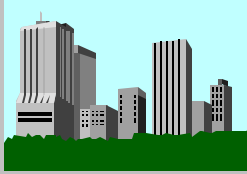
Note: This is a sample spreadsheet. See instructions on the previous page.

1. Borrower's SSN	2. Borrower's Name	3. Number and type of loan(s) (Use codes on instructions)	4. Earlier of LDA or LTH (MM/DD/CCYY)	5. Date entered repayment (DER) (MM/DD/CCYY)	6. CPD, DD, ICRD, or N/A (MM/DD/CCYY or leave blank)	7. FY(s) appl.	8. Effect on CDR calc. (N.D, or B)	9. Comments
333-33-3333	David Smith	1 SF	11/12/1997	05/13/1998	09/05/2000	FY 1999 FY 1998	-B +D	<b>Agree.</b> The school provided sufficient supporting documentation demonstrating that they timely sent the change in enrollment to the agency.
333-33-3333	David Smith	1 SU	11/12/1997	05/13/1998	09/05/2000	FY 1999 FY 1998	-B +D	<b>Agree.</b> The school provided sufficient supporting documentation demonstrating that they timely sent the change in enrollment to the agency.

02/14/2001

Page 1 of 1

Sample Draft Data Challenge Response **LETTER**



## State Guaranty Agency

1234 Trueman Road  
Lusby, North Carolina 98765-4321  
(111) 222-3333

### Sample Letter

February 14, 2001

Robert Young  
President  
Electrical Training Institute  
1212 Wedgewood Lane  
Leonardtown, Wisconsin 12345-6789

**OPE ID#: 111111**

**Subject: FY 1998 Draft Data Challenge Response**

Dear Mr. Young:

This is State Guaranty Agency's response to Electrical Training Institute's, **OPE ID# 111111**, FY 1999 draft data challenge.

Please see the enclosed spreadsheet and supporting documentation.

Sincerely,

Bob Bowen

Bob Bowen, Compliance Officer  
State Guaranty Agency

Enclosures

cc: U.S. Department of Education, Default Management office